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Five Keys to Unlocking a Successful WMS Selection



May 24, 2005

Supply Chain Execution Seminar

Presented by: Joel Stachowski

SC SUPPLY CHAIN
EXECUTION
Systems & Technologies Seminars

Overview

“Five Keys to Unlocking a Successful WMS Selection”

‘often under valued’

led by Provia Software

- *Your company is looking to improve operational efficiencies of your DC and you know you need a state of the art WMS to help accomplish that - now what? What do you look for among the WMS vendors to ensure a successful outcome?*
- *This session presents five keys to ensuring not only a successful WMS selection process, but a successful long-term WMS technology solution. Also discussed is the use of industry WMS RFP templates and what to consider.*

Overview

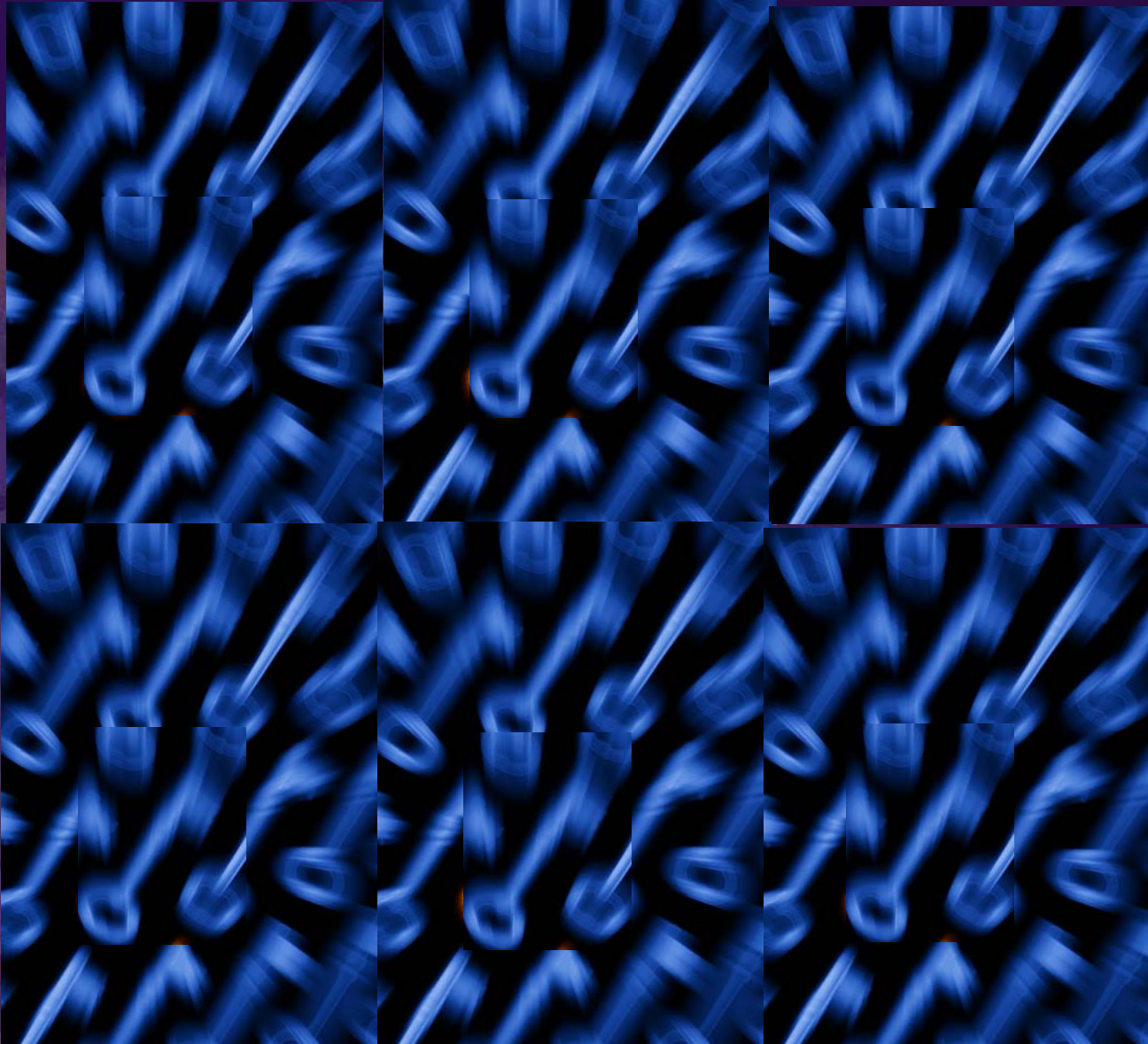
“Five Keys to Unlocking a Successful WMS Selection”

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Many Keys...



**There are
many keys
to an
effective
WMS
evaluation
and
selection
process**

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Many Keys...

**Implementation
Capability**



**Company &
Cultural Fit**



**Long-Term
Support**



Reference Visit



**Functionality
(RFP's)**



**We are
focusing on
5 today**

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Why These Five?

Implementation
Capability

Company &
Cultural Fit

Long-Term
Support

Reference Visit

Functionality
(RFP's)

They are often focused on less – and commonly influence a successful outcome more...

“Road Less Traveled”

“March to the Beat of a different drummer”

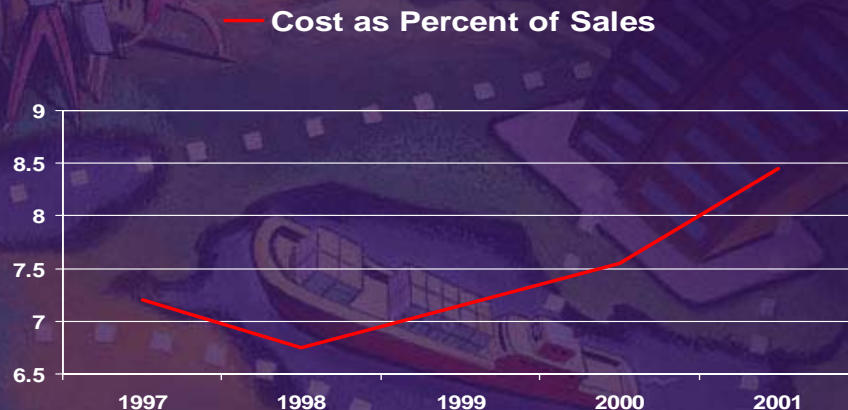
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Market Conditions

"...logistics costs rose for the third straight year as a percent of sales."

"Logistics costs now average nearly 8.5% of company sales*."

- Establish / Herbert W. Davis study



* This study looked at outbound / fulfillment costs only and did not include many costs related to inbound and manufacturing logistics. Therefore, the true total percentage is most likely higher.



Total Logistics Costs Typically Range Between:

- 7% and 16% of Total Sales Revenue
- 20% to 45% of Total Sales, General, and Administrative Expense
- 2% to 8% of Product Cost

- Council of Logistics Management

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The Five Keys!

Implementation
Capability

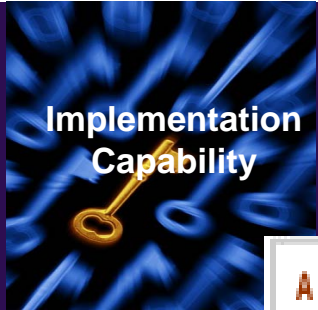
Company &
Cultural Fit

Long-Term
Support

Reference Visit

Functionality
(RFP's)

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Implementation Capability

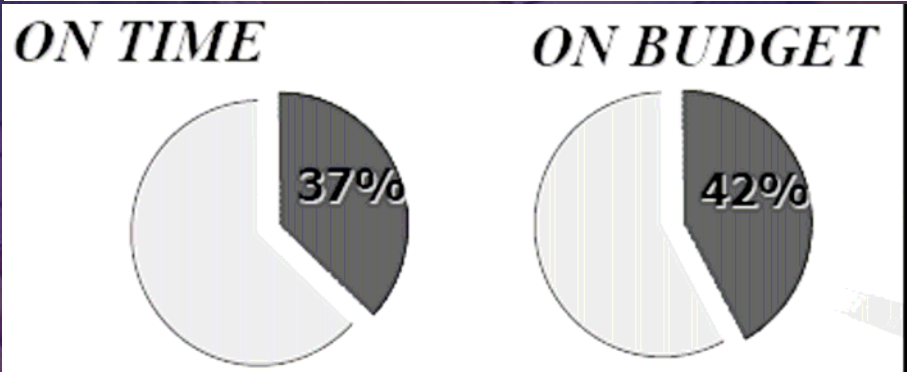
A common mistake on WMS selection projects is to focus on software functionality and not on the services needed to install the software. This occurs despite the fact that on just about every WMS software project the implementation services are more expensive than the software.

Norm Thompson - Case Study

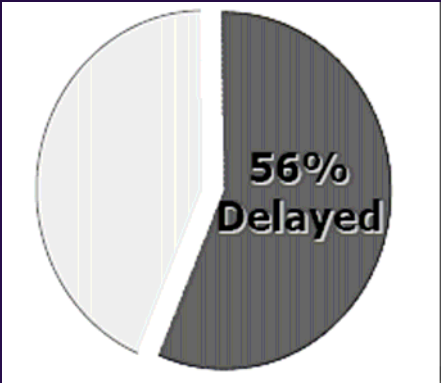
“In the end, a vision without the ability to execute is probably a hallucination”

Stephen M. Case
Former Chairman, AOL Time Warner
The Mind of the C.E.O

Business Week: The average company completes on 37% of big information technology projects on time, only 42% on budget.



Results from 33 Implementation's of WMS/TMS/APS



Results from 2002 survey of 111 Directors and VP's of Logistics, Operations, Supply Chain, Materials Management, IT, and Transportation – 33 Distinct Implementations. Survey conducted by Air Force Institute of Technology, Ohio State, and The Revere Group.

Let's Highlight the Benefits Also...

Gartner

Identifying the Benefits of a WMS I. Chernofsky

Warehouse management systems produce economic benefits that far outweigh their costs. Here, we describe some of the hard and soft benefits a WMS can deliver.

Core Topic

Supply Chain Execution ~ Business Applications

Key Issue

How will we

Implement:

profitability

— each en

Warehouse management systems produce economic benefits that far outweigh their costs.

Note 1

Hard Bene

Hard benef

include: ca

equipment

force direct

reductions

throughput

capabilities

in "scrap" a

order consolidation, a reduction in back orders, increased accurac

integration with the TMS.

Implementation of a WMS can yield major cost savings, as well as increases in corporate profitability.

Hard Benefits: 1) **Improved space utilization** of 10 percent to 40 percent. WMSs enable higher-density storage through location profiling and consolidation opportunities. 2) **Flowthrough capabilities** increase throughput and reduce storage requirements. **Reductions of 13 percent to 30 percent in scrap** can be gained from improved stock rotation control, reduced obsolete/nonfresh inventory loss, and improved product shelf life. 3) **Number of required forklifts reduced** 10 percent to 30 percent by improved material-handling equipment use. WMSs reduce equipment idle time and balance workloads more evenly through picking and putaway planning. 4) **Picking productivity improvements** of 16 percent to 25 percent. Optimized pick routing and the use of labor standards provide higher picking rates.

deferred
directed
s-docking and
WMS-provided
-monitored
ired forklifts
use. WMSs reduce
putaway planning.

mmh.com
Modern Materials Handling Online

WMS to the Rescue

By Bob Trebilcock, Editor At Large -- 11/1/2001

Believe it or not, now just might be the time to invest in a warehouse management system.

Let's be honest: business stinks!

...you want a proven technology that will reduce costs and increase productivity.

A WMS fits that bill....

'A WMS ...provides the information that allows you to improve your business.'

mmh.com
Modern Materials Handling Online

- Expect inventory reductions of up to 50% over time.
- Labor savings range from 20 to 40%.
- Administrative costs typically tumble by 15 to 25%.
- Space utilization increases of 10 to 20% reduce outside storage fees.
- Physical inventory costs typically fall by 75%.

For those facilities a WMS is 'a guaranteed pay back,' says Chris Barnes, director of business

Broke, So Fix It

When a WMS (warehouse management system) to run their warehouses, productivity, improved customer service, and almost certain ROI gains.

Integrated Solutions (Abridged), November by Ed Hess

When I speak with a lot of larger companies in many different industries, executives are telling me about strained resources - both budgetary and some of the business benefits they realized from recent technology investments. Things catch me off guard.

If the end goals are ROI and productivity boosts... then implementing a WMS may be the easiest choice you can make.

There is very little downside to implementing a WMS solution. The upside is almost limitless - increased accuracy and productivity, better customer service, lower inventory levels, and decreased labor costs.

Integrated
Solutions

Implementation Capability

- Demonstrated Experience
- Proven Implementation Methodology
 - ◆ Knowledge Transfer
 - ◆ Configuration and Integration
 - ◆ Review and Test
 - ◆ Implementation
 - ◆ Startup
 - ◆ Support and Analysis
- Experienced Implementation Teams
 - ◆ Project Managers, Leaders and Technicians
- Established Training Practices
 - ◆ Web-Based, Classroom and End-User
- Product Documentation

The Five Keys!



They are often focused on less – and commonly influence a successful outcome more...

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Company & Cultural Fit

Three Bears Example



Size of the Company

Size of their Customers

Industry Experience

Executive Team

Approach to Business

Software Approach

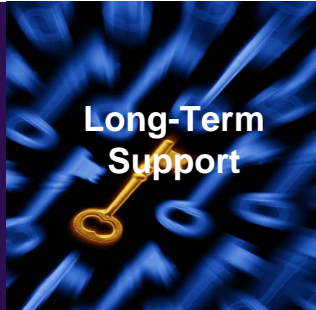
Goal

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The Five Keys!



They are often focused on less – and commonly influence a successful outcome more...



Long-Term Support / Partnership

Dedicated Account Management Program

24 x 7 Live Support w/ Technical Resource

On-going Product Development Strategy

Continuous Improvement Offering

Functional & Technical Release Schedules

Local and National User Conference

Regular Upgrade Process being Utilized

Financial Stability: Private, Public, Venture

Continuous Improvement Offering

Direction of Company: Private, Public, Acquire



Lower Total Cost of Ownership



Long-Term Support



Provia Customers Offer New Perspective on Supply Chain ROI

Panel Discussion at Frontline Expo Emphasizes Importance of Total Cost of Ownership

Grand Rapids, Michigan – During a panel discussion hosted by Provia Software at the Frontline Solutions show this week in Chicago, representatives from several leading companies discussed the importance of Total Cost of Ownership (TCO) in supply chain management. Provia Software, a provider of network services and wholly owned subsidiary of the Ricoh Corporation, could relate to Owens Corning's experiences with Provia, but said the experience was unlike any other implementation of a software system with which he had been involved, thanks to the special care Provia exhibited throughout the process.

Transfer of Knowledge / Customer Ownership

The panel lists, whose organizations represent a wide variety of logistics technology needs, offered insight into how they approached the implementation of Provia's ViaWare supply chain execution suite to ensure that the costs for implementation services and ongoing maintenance, did not ultimately erode value, which comes not only from the software, but also through maintaining a positive vendor/client partnership throughout the entire software lifecycle.

Scalable Support to Assist as Needed

installations with minimal outside involvement, this despite major operational differences across business units."

(more)

Provia Customers Offer New Perspective on Supply Chain ROI

Page 2 of 2

Greg Wilson of Lanier Worldwide, a provider of network services and wholly owned subsidiary of the Ricoh Corporation, could relate to Owens Corning's experiences with Provia, but said the experience was unlike any other implementation of a software system with which he had been involved, thanks to the special care Provia exhibited throughout the process.

Wilson, who is manager of service parts logistics at Lanier, specifically cited Provia's efforts to ensure that his logistics team understood the configuration of the ViaWare WMS as it was being implemented, thereby enabling his team to quickly take ownership of the solution and be better-prepared to manage configuration of the system on its own in the future.

Successful knowledge transfer also plays an important role in situations where the company needs to add supply chain software to a new site very quickly. As one of the world's largest third-party logistics (3PL) providers, Menlo Worldwide faces this challenge often.

"In the 3PL industry, our customers want the WMS service to start yesterday," said Jan Clay, Group Manager-Customer Solutions Group for Menlo Worldwide. "We typically complete all installations in 30-90 days, which helps us meet the immediate demand and is a significant competitive advantage in the 3PL market."

The upgrade of the system

Corporate Cooperation / Leadership Councils

"Our staff managed the upgrade of three Provia ViaWare WMS implementations on its own this year, with almost no involvement from Provia's product consultants.

Brad Barnett, director of operations, TaylorMade-adidas Golf, echoed this point when he stated that his staff was able to manage the upgrade of three Provia ViaWare WMS implementations on its own this year, with almost no involvement from Provia's product consultants.

"As a software supplier, our goal is to have our customers implemented quickly but also to prepare clients to take ownership of the system very quickly," said John Pulling, Provia's chief operating officer. "It's in these instances where a low total cost of ownership is maintained that a greater ROI can be achieved."

About Provia

Provia Software is a provider of network services and wholly owned subsidiary of the Ricoh Corporation. Provia's ViaWare WMS is a supply chain execution solution that creates a competitive advantage for clients and their customers. For more information on Provia, visit www.provia.com or call toll-free 1-877-PROVIA1 (1-877-776-8421).

###

= Lower Total Cost of Ownership

The Five Keys!



They are often focused on less – and commonly influence a successful outcome more...

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Reference Visits

Customer Reference Visits

Similar Business –
Industry Focus / Exp.

Meet with Executives –
Vendor Relationship

Similar Functionality –
Current & Future



Meet original members
- Implementation

Similar Size Company –
Corporate & Site

Ongoing Vendor
Involvement

Similar Technology –
O/S & DBMS



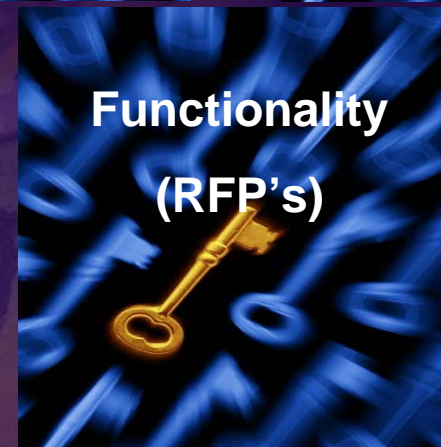
Do they upgrade
regularly

Same Proposed
Product Used

Would they make the
same selection today

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ware

The Five Keys!



They are often focused on less – and commonly influence a successful outcome more...

Tier 1 Leading WMS/SCE Functionality

- Lot/expiration/code dates
- Production/Batch
- Location/Carton selection
- Labor Planning
- Advanced Labor Mgmt
- Task Management
- Task Interleaving
- Cluster/Batch pick & pack
- Container tracking
- Replenishment
- Advanced kitting and VAS
- Yard Management
- 3PL Specific Functionality

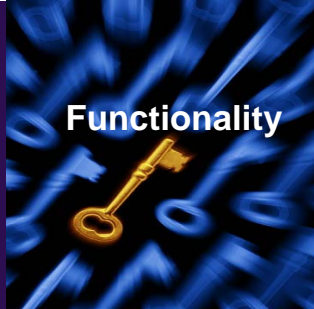


- Compliance labeling
- Custom shipping papers
- Cycle counting
- Report generation
- Full RFID capability
- User configurable/flexible
- UI personalization
- ASN/RF receiving
- Serial number capture
- Catch weight capture
- Cross docking
- Dynamic Slotting
- Wave building / templates



WMS Driving Efficiencies - has been written about in many publications

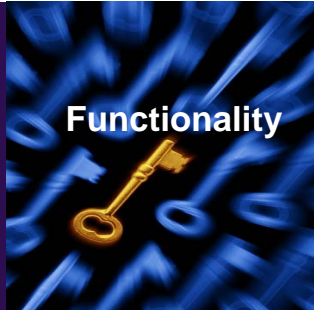




Functionality

Some Assumptions Made as to work already done

- Determined Operational Objectives
- Performed Market Analysis
- Did a ROI/Justification
- Identified Metrics for Success
- Scoped Requirements Definition (RFP)
- Vendor Selection for Inclusion
- Road Map for Deployment
- Planned Post Implementation Audit



Functionality

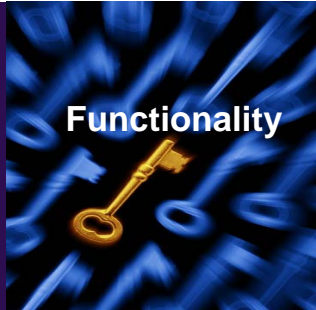
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“To RFP or not to RFP, that is the question...”

“A Rose is a Rose is a Rose...”,

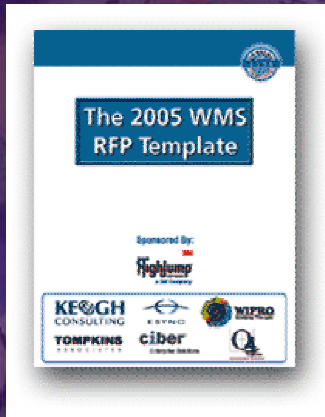
“An RFP is a RFP is a RFP...”

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Functionality

RFP Templates



Make it YOUR own!

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The Power of Delivery

RFP Instructions

Company Tab
Please respond to the Company Tab questions in the 'Response' column provided.

Functionality Tab
Self Score
Please use the following numerical rankings to rate your solution. Enter your ranking in the 'Self Score' column provided.
4 - A standard feature of the solution
3 - Scheduled for a future release within 6 months
2 - Can be added with a minor mod - 30 hours or less
1 - Requires mod larger than 30 hours
0 - Cannot be provided

Module
Please identify the module(s) or 3rd party applications, and version number, needed to meet this requirement.

Comments
Briefly comment on how your solution handles this requirement either as addressed, or in a slightly different manner.

Technology Tab
Please respond to the Technology Tab questions regarding your solution's technology background in the 'Response' column provided.

Costs Tab
Please enter your solution costs in the form provided.

Please visit our website at: <http://www.provia.com/>

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Let the Balance Swing Your Way



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Five Golden Keys to Unlocking your Success

**Implementation
Capability**



**Company &
Cultural Fit**



**Long-Term
Support**



Reference Visit



**Functionality
(RFP's)**



Do it Right – Do it Once...

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Questions / Comments?



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THANK YOU!